



# U.S.-KOREA TRADE AGREEMENT

## Florida Farmers Will Benefit

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December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Florida agricultural products, including fruits, vegetables, and beef. Florida's agricultural exports to all countries, estimated at \$2.1 billion in 2009, supported roughly 16,800 jobs, on and off the farm. These export sales make an important contribution to the Florida farm economy, which had total cash receipts of \$7.1 billion in 2009.

**Fruits and Fruit Products.** Supported by its large citrus industry, Florida fruit producers and processors are the state's leading agricultural export industry and the nation's third largest fruit exporter with overseas sales estimated at \$732 million in 2009. Among the KORUS agreement's benefits to Florida's fruit producers:

- The 54-percent tariff on frozen orange juice will be eliminated immediately upon implementation of the agreement.
- Many other products such as avocados, lemons, and grapefruit will have 30-percent duties eliminated in either 2 or 5 years.
- The tariff on oranges from March through August will drop from 50 percent to 30 percent immediately upon implementation and then be reduced to zero in seven years. Market access between September through February is subject to a duty-free tariff-rate quota (TRQ).

**Vegetables and Vegetable Products.** Florida is the nation's fifth largest fresh and processed vegetable exporter. Under the KORUS agreement:

- Tariffs on fresh cucumbers, canned and processed tomatoes, frozen potato fries, and chipping potatoes (during the U.S. potato shipping season) will be eliminated immediately.
- A new 3,000-ton duty-free TRQ for fresh potatoes and a new 5,000-ton duty-free TRQ for dehydrated potatoes will bring opportunities for growers.
- Other products such as pickled cucumbers, carrots, lettuce, dried mushrooms, and sweet corn, with duties currently ranging from 30-45 percent, will have tariffs phased out in either 5 or 10 years.
- The current 27-percent tariff on most pulses (peas, beans, and other legumes) will be eliminated within 5 years while the tariff for lentils will be removed within 10 years.

**Cattle and Beef.** As the state's fifth largest source of farm cash receipts at \$375 million in 2009, the KORUS agreement will provide many benefits to the Florida beef industry.

- For beef muscle meats, the KORUS agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the KORUS agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

<b>Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)</b>		
<b>Product</b>	<b>U.S. to World</b>	<b>Florida to World</b>
<b>Fruits and Fruit Products</b>	\$5,713,000,000	\$732,000,000
<b>Vegetables and Vegetable Products</b>	\$5,279,000,000	\$207,000,000
<b>Cattle and Beef</b>	\$6,703,000,000	\$53,000,000
<b>Agricultural Total</b>	\$96,632,000,000	\$2,060,000,000

*Compiled by ERS using data from Census Bureau, Commerce and NASS.*

*Note:* All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).